

Banks Have a Super Bowl-Sized Image Problem...and More by Charles B. Wendel

As far as I could tell only one Super Bowl advertisement mentioned banks.

Early in the Super Bowl the ad, attached to this newsletter, appeared. Its first few seconds tell the story.

Three unsmiling and austere middle-aged men, dressed in suits and ties, sit like judges behind a long mahogany desk. On the wall behind them printed in an old-fashioned block typeface are the words “Bank & Trust.” The bankers’ hands are clasped in front of them, a sign of their skepticism about what they are hearing.

“You want a loan?” says the man in the middle in a flat voice that suggests no loan will be granted.
Slight pause.
“To build a factory?”
Slight pause.
“In America?”
Slight pause.
“You can’t do that.”

The point of the ad centered on the multiple “You can’t do that” challenges WeatherTech, a company that makes car accessories like floor liners, faced in creating a US based firm. But brave and courageous WeatherTech management pushed on and succeeded in saving America from wet car rugs. Related to bankers, it portrayed them as old, white, male, unfeeling, unbending, and unhelpful. (So much for changes from ESG initiatives.) And I wonder how WeatherTech’s bankers responded to that insulting ad.

Unfortunately, the negative vision presented in the ad is all too often the view that many hold about banks, maybe not their individual bankers, but BANKS in general.

And, of course, politicians don’t make this easier, even when they are defending groups like community banks. Kamala Harris: “We invested an additional \$12 billion into community banks, because we know community banks are in the community, and understand the needs and desires of that community as well as the talent and capacity of community.” A real quote.

Some investment and commercial banks have placed targets on themselves with their ESG focus. In the words of a Florida newspaper, Ron DeSantis characterizes these activities as a public relations stunt that raises the cost of capital for business. He also intends to eliminate “discrimination by banks and large financial institutions for their religious, political and social beliefs,” and disallow the use of social credit scores in decision making.

Of course, progressives have long been skeptical of banks and are often joined by regulatory agencies. Stock buybacks are under attack and as *Politico* reported this week there is a “looming fight” over bank capital requirements. The Fed Vice Chair for Supervision wants a “holistic” review of capital regulations, probably not a good sign for banks wanting to limit capital needs. Meanwhile, Joe Biden promises to eliminate what he terms “junk fees.” I’ve never seen the TV show “Everybody Hates Chris,” but if you substitute Banks for Chris Rock, you wouldn’t be far

off in describing a bank's reality. Customers, the left, the right, the government, all, to a degree, see banks as adversaries.

So, what to do? The industry has long failed to present a united front in explaining itself to customers. Instead, they continue their internecine wars, with small banks attacking big banks while big banks largely ignore them while taking share. At the same time, credit unions perch on the bank's turf, operating with less intense scrutiny than banks. After all, they are the "good guys." Fintechs also try to put themselves in a favorable light.

Individual banks and the banking industry need to present a united front. Last year, the Super Bowl featured many crypto ads, ads that in retrospect were disingenuous and lawsuit creating. This year probably the most unusual ad centered around Jesus whose message was squeezed in between beer and food promos. The banking industry can and should launch a campaign that demonstrates its value to all of us: working capital loans, equipment finance leases, payments capabilities, the list goes on. An extensive campaign with customer testimonials and stories depicting how a banker has assisted a person or business could help. It is likely that the press and politicians will continue to vilify bankers. Banks sponsor stadiums but use them like passive billboards.

Decades ago, Manufacturers Hanover (and after an acquisition Chemical Bank) was the number one middle market bank in NYC. In part that was due to how effectively they differentiated themselves with their customers by superior service and regular communication. They were not just another bank serving another segment. They knew who they were and both customers and prospects knew who they were, understood what they were about. Many banks think they have communicated to their customers, but they have been deluding themselves.

As left, right, bureaucrats, and media continue to circle around the industry, each bank and the banking industry itself should work to make the customer aware of the value it provides and convert as many as customers as possible to bank advocates.

If that seems beneath the dignity of bankers...well, proactive, if message marketing is good enough for Jesus it should be good enough for bankers.

FIC works with senior management and Boards on issues that are critical to a bank's sustainability and growth. We emphasize practical solutions that we customize to a company's capabilities and culture. Reach FIC at cwendel@ficinc.com.